

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

FILED

2014 AUG 18 P 2: 46

IN RE:

U.S. BANKRUPTCY
E.D. MICHIGAN
Case No. 13-53846-TROIT

City of Detroit, Michigan,

Debtor.

**MOTION OF OBJECTOR WALTER GARY KNALL
TO PARTICIPATE AT CONFIRMATION HEARING**

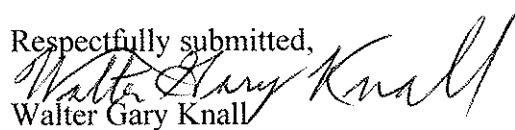
Walter Gary Knall states as follows

INTRODUCTION/ PROCEDURAL BACKGROUND

1. I received a ballot to vote as a holder of a Class 10 pension claim
2. The ballot stated that my pension was subject to an Annuity Savings Plan Recoupment of \$42,4231.64 under Alternative A and \$85,201.67 under Alternative B. Exhibit 1, attached.
3. There was no explanation as the basis for the claim that I owed either of these amounts, and certainly, I engaged in no fraud or deceit with regard to my annuity which I subscribed to with my own money and on terms that were presented to me by the Pension Board. I concur in the objection of Michael Karkowski, document 5923, to the legality of this annuity recoupment.
4. The ballot made no mention of the 6.75% interest that I subsequently learned is being claimed as part the monthly "annuity repayment."
5. The ballot had no amortization schedule attached to it outlining what percentage of the monthly payment being deducted from my pension was for interest and what percentage was being applied to the principal allegedly owed.

6. The ballot did not spell out whether the total estimated amount of the annuity savings plan recoupment under either Alternative A or Alternative B included the 6.75% interest rate or how it was calculated.
7. I subsequently received a letter dated June 28, 2014 informing me of the right pay off the annuity recoupment in a single lump sum. Exhibit 2, attached. This letter only added to the confusion by not specifying the amount of the lump sum payment, especially in light of the different payback amounts asserted under Alternative A and Alternative B.
8. The inadequacy of the disclosure in the ballot provided and subsequent letter violates basis consumer rights as enumerated in the Truth in Lending Act and under regulations formulated by the Consumer Finance Protection Bureau.
9. The idea that I and my fellow retirees should be asked to vote on a plan requiring us to pay tens of thousands of dollars back out of meager pensions on interest earned from our contributions in a plan for which the city solicited our participation, without knowing the precise terms under which the payback is being calculated, is outrageous and illegal.
10. I would ask the court for an opportunity to appear on August 29 to present the exhibits listed above and testify on my own behalf. I expect my testimony to take about 15 minutes.
11. I will be asking the court to strike the annuity recoupment plan or in the alternative to write into the plan of adjustment the city to be provide each retiree an accounting of how the amount was calculated, and an interest free method of recoupment.

Respectfully submitted,


Walter Gary Knall

15380 Evergreen Rd.

Detroit, Michigan 48223

313-534-2744 (home)

ALTERNATIVE A: If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan and the Court approves the Plan, the Outside Funding will be contributed to GRS. Under this alternative, your monthly pension payments are estimated to change as follows:

Line 1: Your Current Monthly Pension Is:	\$1,902.03
Line 2: Line 1 multiplied by 0.955 (to show a 4.5% reduction) is:	\$1,816.44
Line 3: Your Estimated Annuity Savings Fund Monthly Recoupment is:***	\$294.81
Line 4: Your New Estimated Monthly Pension Payment (flat payment; no COLAs) is:	\$1,521.63
*** The <u>total</u> Estimated Amount of your Annuity Savings Plan Recoupment is:	\$42,421.64

ALTERNATIVE B: If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to GRS. Under this alternative, your monthly pension payments are estimated to change as follows:

Line 1: Your Current Monthly Pension Is:	\$1,902.03
Line 2: Line 1 multiplied by 0.73 (to show a 27% reduction) is:	\$1,388.48
Line 3: Your Estimated Annuity Savings Fund Monthly Recoupment is:***	\$592.12
Line 4: Your New Estimated Monthly Pension Payment (flat payment; no COLAs) is:	\$796.36
*** The <u>total</u> Estimated Amount of your Annuity Savings Plan Recoupment is:	\$85,201.67

In addition, if you vote for the Plan and the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to the Retiree Committee.

SUBMITTING YOUR BALLOT:

If you were not retired or a surviving beneficiary as of the Pension Record Date, if you did not hold a GRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at detroitinfo@kccllc.com.

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.



June 28, 2014

Dear Holder of a Class 11 GRS Pension Claim
Who Is Subject to ASF Recoupment:

1. This letter is to advise those participants in the General Retirement System pension fund who are subject to Annuity Savings Fund ("ASF") Recoupment through a reduction in their monthly pension that you will now have the option of paying the ASF Recoupment amount in a single lump sum (the "Cash Option"), as many of you have requested.

2. Here are the important facts about the Cash Option and the option process:


The Cash Option will be available only if Class 10 (PFRS Pension Claims) and Class 11 (GRS Pension Claims) accept the City's Plan of Adjustment (the "Plan"), the Plan is confirmed by the Bankruptcy Court and the Plan becomes effective.

The Cash Option is a one-time opportunity for participants subject to ASF Recoupment through pension reduction to avoid that pension reduction by instead paying in a single lump sum the amount of their ASF Recoupment. You should be aware that whether you are able to purchase back 100% of your total ASF Recoupment amount will depend on how many participants elect the Cash Option. This is explained in Paragraph 3.

Following the Effective Date of the Plan, the City will notify each participant of the Cash Option and provide the participant with an election form setting forth the amount of his or her ASF Recoupment and the date by which the election must be made.

Each participant will have 35 days from the date on the election form (the "Election Date") to return the election form to

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Kurtzman Carson Consultants LLC. For an election to be valid it must be received by the Election Date.

3. The total ASF Recoupment Cash Option for the GRS participants is capped at \$30 million. If properly completed election forms are submitted by the Election Date that have a total ASF Recoupment cash value in excess of \$30 million, you will still be permitted to participate in the ASF Recoupment Cash Option but for less than the full amount of your ASF Recoupment. In this circumstance, you will be permitted to participate for a pro rata share of the capped amount. The remaining portion of your ASF Recoupment amount will be deducted from your pension on a monthly basis as provided for in the Plan. For example, if participants timely elect to pay for \$33.3 million worth of ASF Recoupment amounts, each such participant will be permitted to purchase 90% of his or her ASF Recoupment (90% of \$33.3 million = \$30 million).

4. If you timely elect the Cash Option, you will be notified by GRS of the final payment amount and the method and the deadline for making such payment.

5. If the payment is not timely received by GRS, you will be promptly notified by GRS of the failure to pay, and instead, your ASF Recoupment will be made through deductions to your monthly pension check.

6. The method of calculating the ASF Recoupment amount for the Cash Option will not change. The calculation of the ASF Recoupment amount is based either on the amount of the excess interest credited to your account between July 1, 2003 and June 30, 2013 or 20% of the highest balance in your account during that period, whichever is LOWER. For current retirees, the ASF Recoupment amount is also capped at 15.5% of your monthly pension check.

7. You do not have to elect the Cash Option. If you do not elect the Cash Option, the ASF Recoupment amount will be deducted from your monthly pension check as provided for in the Plan.

It is important that you cast your vote on the Plan. You must check the box indicating acceptance or rejection and you must sign the ballot for your vote to be counted. The acceptance or rejection of the Plan is based on the votes that are actually received by Kurtzman Carson Consultants LLC, the Balloting Agent, in its California office no later than July 11, 2014. THE LAST PROPERLY COMPLETED BALLOT THAT THE BALLOTING AGENT RECEIVES FROM YOU BY JULY 11, 2014 WILL BE THE BALLOT THAT IS COUNTED.

If you need a new or replacement ballot, please contact Kurtzman Carson Consultants LLC, the Balloting Agent, immediately at (877) 298-6236 or via email at detroitinfo@kccllc.com.

You can also email the Retiree Committee at detroitretirees@dentons.com for additional information.